



Department of Justice

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JUSTICE DEPARTMENT CHALLENGES PROPOSED ACQUISITION BY GILLETTE OF PARKER PENS

WASHINGTON, D.C. -- The Department of Justice announced today it intends to file a civil antitrust suit challenging the proposed acquisition by The Gillette Company, a Delaware corporation headquartered in Boston, Massachusetts, of Parker Pen Holdings Ltd., a British corporation, headquartered in Newhaven, England, unless they abandon the transaction. The Department said it has informed both parties of its intentions.

John W. Clark, Acting Assistant Attorney General in charge of the Antitrust Division, said, "This combination would increase concentration significantly in an already concentrated market and would likely increase the prices consumers would pay for premium fountain pens in the United States."

Gillette and Parker are two of the world's largest manufacturers of writing instruments, including pens and mechanical pencils. Gillette's worldwide sales of writing instruments in 1991 were approximately \$424 million, and Parker's were approximately \$308 million.

The suit would allege that the proposed acquisition would

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substantially lessen competition in the manufacture and sale in the United States of premium fountain pens. Premium fountain pens are high quality refillable fountain pens that have an established premium image among consumers for quality and prestige.

Gillette markets premium fountain pens in the United States through its Stationery Products Group under the Waterman brand name. Parker sells its premium fountain pens in the United States through Parker Pen USA Limited, under the Parker brand name.

Retail sales of premium fountain pens in the United States totaled approximately \$46 million in 1991. Gillette's Waterman brand and the Parker brand each account for approximately 20 percent of those sales. Gillette and Parker, together with one other company, control about 80 percent of the premium fountain pen market in the United States.

According to Clark, fountain pens that lack the requisite quality or brand image are unlikely to prevent Parker and Gillette from initiating price increases after the merger.

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